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**SUBSTITUTE SENATE BILL 5013**

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**State of Washington**

**55th Legislature**

**1997 Regular Session**

**By** Senate Committee on Health & Long-Term Care (originally sponsored by Senators West, Wojahn, Deccio, Loveland, Sheldon, Franklin, Rasmussen, Hale, Oke and Roach)

Read first time 02/19/97.

1 AN ACT Relating to a tax exemption for prepayments for health care  
2 services provided under Title XVIII (medicare) of the federal social  
3 security act; amending RCW 48.14.0201; providing an effective date; and  
4 declaring an emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 48.14.0201 and 1993 sp.s. c 25 s 601 are each amended  
7 to read as follows:

8 (1) As used in this section, "taxpayer" means a health maintenance  
9 organization, as defined in RCW 48.46.020, or a health care service  
10 contractor, as defined in RCW 48.44.010(~~(, or a certified health plan~~  
11 ~~certified under RCW 48.43.030))~~).

12 (2) Each taxpayer shall pay a tax on or before the first day of  
13 March of each year to the state treasurer through the insurance  
14 commissioner's office. The tax shall be equal to the total amount of  
15 all premiums and prepayments for health care services received by the  
16 taxpayer during the preceding calendar year multiplied by the rate of  
17 two percent.

18 (3) Taxpayers shall prepay their tax obligations under this  
19 section. The minimum amount of the prepayments shall be percentages of

1 the taxpayer's tax obligation for the preceding calendar year  
2 recomputed using the rate in effect for the current year. For the  
3 prepayment of taxes due during the first calendar year, the minimum  
4 amount of the prepayments shall be percentages of the taxpayer's tax  
5 obligation that would have been due had the tax been in effect during  
6 the previous calendar year. The tax prepayments shall be paid to the  
7 state treasurer through the commissioner's office by the due dates and  
8 in the following amounts:

9 (a) On or before June 15, forty-five percent;

10 (b) On or before September 15, twenty-five percent;

11 (c) On or before December 15, twenty-five percent.

12 (4) For good cause demonstrated in writing, the commissioner may  
13 approve an amount smaller than the preceding calendar year's tax  
14 obligation as recomputed for calculating the health maintenance  
15 organization's, health care service contractor's, or certified health  
16 plan's prepayment obligations for the current tax year.

17 (5) Moneys collected under this section shall be deposited in the  
18 general fund through March 31, 1996, and in the health services account  
19 under RCW 43.72.900 after March 31, 1996.

20 (6) The taxes imposed in this section do not apply to:

21 (a) Amounts received by any taxpayer from the United States or any  
22 instrumentality thereof as prepayments for health care services  
23 provided under Title XVIII (medicare) of the federal social security  
24 act. ((This exemption shall expire July 1, 1997.))

25 (b) Amounts received by any health care service contractor, as  
26 defined in RCW 48.44.010, as prepayments for health care services  
27 included within the definition of practice of dentistry under RCW  
28 18.32.020. ((This exemption does not apply to amounts received under  
29 a certified health plan certified under RCW 48.43.030.))

30 NEW SECTION. **Sec. 2.** This act is necessary for the immediate  
31 preservation of the public peace, health, or safety, or support of the  
32 state government and its existing public institutions, and takes effect  
33 July 1, 1997.

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